

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7561**

**BILL NUMBER: SB 577**

**NOTE PREPARED:** Jan 12, 2011

**BILL AMENDED:**

**SUBJECT:** Financial Aid.

**FIRST AUTHOR:** Sen. Kenley

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** *Corrections:* This bill allows the Department of Correction to provide financial assistance for tuition, books, and supplies for an incarcerated felony offender who enrolls in a college degree program, and prohibits the State Student Assistance Commission (SSACI), from providing the financial assistance.

*Associate Degree:* The bill specifies that individuals who have an associate degree are eligible for the same awards as a student who graduated from high school with a core 40 or academic honor's diploma.

*Twenty-First Century Scholarship:* The bill requires a student participating in the Twenty-First Century Scholarship Program to: (1) participate in an appropriate intervention program while enrolled in secondary school; and (2) maintain a grade point average of 2.5 during grades 9, 10, 11, and 12, if the student enters the Twenty-First Century Scholarship Program after the 2010-2011 school year.

*Transfer:* The bill allows money to be transferred from the Freedom of Choice Grant Fund to the Higher Education Award Fund.

*Children of Disable Veteran:* The bill reduces the amount of the educational scholarship provided to a child of a parent with a military service related disability of less than 80%.

*Graduate Student:* The bill provides that only undergraduate fees are eligible for remission or scholarship awards.

**Effective Date:** Upon passage; July 1, 2011.

**Explanation of State Expenditures:** *Corrections:* The bill would allow the Department of Corrections to provide financial assistance for tuition, books, and supplies for an inmate. The impact would depend on the Department's resources for that purpose. Inmates would not be eligible for a SSACI award. About 1,837 prisoners who were students received \$3.7 M in the fall of 2010.

*Associate Degree:* The provision should have not fiscal impact. Since the Core 40 diploma is the standard diploma starting with the fall of 2011, a high school graduate with a Core 40 diploma will get 80% subsidy rate of tuition and fees. Currently the subsidy rates are 100% for Academic Honors graduates, 90% for Core 40 graduates, and 80% for all other students.

*Twenty-First Century Scholarship:* The provision could reduce the number of students that might be affirmed for the scholarship. For 2010, there were 6,661 affirmations to receive scholarships out of 12,970 students enrolled in the program. FY 2008, 11,346 21<sup>st</sup> Century Scholars received an average award of about \$2,500. Of the approximately 6,661 affirmations, about 1,673 had a grade point average (GPA) between 2 and 2.49, 1,931 had a GPA between 2.5-3.0, and 3,057 had a GPA more than 3.0 on a 4.0 scale. If the requirement was increased to a 2.5 GPA, some of the 1,673 students might have probably obtained a 2.5 or higher through additional work. Assuming that 1/3 of the 1,673 students would have obtained at least a 2.5 GPA that would still have left about 1,115 students who would not have qualified. The reduction in scholarship funds for 1,100 students would have been about \$2.8 M.

*Transfer:* The bill would allow the State Student Assistance Commission to transfer money from the Freedom of Choice Grant Fund to the Higher Education Award Fund after the commitments of the Freedom of Choice Grant have been met. The Freedom of Choice Awards totaled about \$43.7 M in FY 2007 and increased to \$52.5 M in FY 2009 and the Higher Education Awards were about \$119.6 in FY 2007 and increase to \$144.4 M in FY 2009. The bill would allow greater flexibility in the use of scholarship funding. Currently the transfer can only be made from the Higher Education Award Fund to the Freedom of Choice Grant Fund.

*Children of Disabled Veterans:* For FY 2008-2009, there were about 5,063 children of deceased or disabled veterans receiving about \$18.8 M in fee remissions. The bill would decrease the amount of fee remission depending on the disability of the parent. The percent of fee remission is the percentage of disability plus 20% with a maximum of 100%. Some fee remissions are for children of deceased veterans. About 78% of the students had a veteran parent with a disability of less than 50%. The savings could be in the \$2.5 M to \$9 M depending on the number of scholarships that might be affected.

*Pell Grant:* The bill would require SSACI to consider any Pell Grant a student receives if they do not receive any support from their parent in the determining financial resources for an award. The maximum Pell Grant is \$5,400 for 2012 and the average grant was about \$2,770 in 2008. The impact would depend on how the Pell grant is considered.

*Graduate Student:* The bill might disqualify about 358 students from receiving grants in the area of children of veterans awards for fee remission. Since the current appropriation for veteran scholarships did not cover all the costs, colleges paid part of the costs. SSACI paid about \$1.1 M and colleges provided about \$300,000 in funding. These expenses had been greater in prior years.

## **Explanation of State Revenues:**

## **Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected** State Student Assistance Commission, Higher Education Commission, State Universities.

**Local Agencies Affected:**

**Information Sources:** Laurie Gavin, State Student Assistance Commission, 317-234-5134 .

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